Quebec Sturgeon River
MINES LIMITED

34th

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1967

Quebec Sturgeon River
MINES LIMITED

ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1967

To be submitted to the

THIRTY-FOURTH ANNUAL MEETING OF SHAREHOLDERS

at

TORONTO, ONTARIO,

on

June 28th, 1968

HEAD OFFICE
Suite 903, 330 Bay Street, Toronto

Officers and Directors

M. J. BOYLEN, D.C.L., D.Sc., President and Director	Toronto, Ontario
C. S. KENNEDY, C.A., Vice-President and Director	Toronto, Ontario
R. J. ISAACS, B.A.Sc., P.Eng., Director	Toronto, Ontario
D. W. GORDON, F.C.I.S., Secretary-Treasurer and Director	Toronto, Ontario
C. B. BRANNIGAN, Director	Toronto, Ontario

Auditors

SNYDER, CRAIG & CO.	Toronto, Ontario

Registrar and Transfer Agent

GUARANTY TRUST COMPANY OF CANADA	Toronto, Ontario

QUEBEC STURGEON RIVER MINES LIMITED

Letter to the Shareholders

Following authorization at the Annual General Meeting of the Shareholders of the Company, held on June 23rd, 1967, Agreements were entered into with The Coniagas Mines, Limited whereby the Company's 35 Mining Leases in the Townships of Elmhirst, Irwin, Pither and Walters, in the District of Thunder Bay, Province of Ontario, were transferred to Coniagas and your Company was relieved of the obligation for advances in the amount of $281,468.79 and interest accrued thereon of $82,857.67. These transactions were entered into to put your Company in a financial situation to facilitate the raising of additional capital for the further development of its properties.

During the year an option was granted on your New Brunswick Properties to Sullico Mines Limited. Under the terms of this Agreement, Sullico may cause a New Company to be formed within three years of December 20th, 1967, to take over the property. If the option is exercised Quebec Sturgeon River Mines Limited will receive 12½% of the authorized capital of the New Company. The Agreement contains provisions to prevent any dilution of this interest.

Your Claims at Gull Pond, Newfoundland lapsed in the early part of the year through non-performance of an adequate amount of Assessment Work. However, your Company participated in a geo-chemical survey over the Gull Pond area. This survey gave encouragement that commercial ore deposits might well be present and accordingly, since the end of the year, 24 claims have been staked over a part of the ground formerly held.

No work was carried out on the Company's Bachelor Lake Property during the year. It is not considered advisable to bring this Property into production until hydro-electric power is available. As advised in previous reports this property contains an estimated ore reserve of 448,000 tons of .32 ozs. in gold with the zone not de-limited.

Unsettled international monetary exchange conditions would seem to indicate that the Governments of the Major Powers are either unable or unwilling to impose on themselves the discipline necessary for the maintenance of sound currencies. The resultant inflation may ultimately lead to a revaluation and return to gold as a standard of value and a restrictor of deficit financing. We feel warranted in retaining our interests in gold against this probability.

Respectfully submitted,

M. J. BOYLEN,
President.

QUEBEC STURGEON

(Incorporated unde

BALANCE SHEET —

(With comparat

ASSETS

	1967 $	1966 $
Current		
Cash	14,640	20
Accounts receivable	809	3,815
The Coniagas Mines, Limited	1,429	
Mining stores and supplies	3,840	4,320
Prepaid insurance	279	293
	20,997	8,448
Investments		
Shares of other mining companies having a quoted market value, at cost less depletion (Notes 1, 2 and 3) (Quoted market value $34,646 — 1966 $41,898)	158,961	173,446
5% Unsecured, deferred, subordinated notes of Beauce Placer Mining Company Limited in default since November 30, 1965	175,000	175,000
	333,961	348,446
Fixed		
Land, at cost		400
Building, structures, equipment and road, at cost	188,899	201,533
Mining properties and payments under an agreement to purchase mining properties (Notes 4 to 7 inclusive)	472,211	532,560
	661,110	734,493
Deferred		
Preproduction and deferred development expenditures	1,082,360	1,311,790
	2,098,428	2,403,177

Approved on behalf of the Board:

M. J. BOYLEN, Director.

C. S. KENNEDY, Director

The notes attached form an integ

Audit

To the Shareholders of
QUEBEC STURGEON RIVER MINES LIMITED,
Toronto, Ontario.

We have examined the Balance Sheet of Quebec Sturgeon River Mines Limited as at Decembe and Source and Application of Funds for the year ended on that date and the Notes to the Financ accounting records and other supporting evidence as we considered necessary in the circumstances.

The mining stores and supplies are items of equipment spares and should be classified as n No provision has been made for the excess of cost over market values of the investments in sha We are unable to determine when the notes receivable from Beauce Placer Mining Co. Ltd. v The building, structures, equipment and road, valued on the Balance Sheet at cost, are all locate for depreciation on any of these assets has been made.

Included in preproduction and deferred development expenditures are losses on sale or ab respect of New Brunswick properties which should, in our opinion, be charged against Retained Earnin

Subject to the above limitations, in our opinion, the attached Balance Sheet, Statements of Retain Notes to the Financial Statements present fairly the financial position of the company as at December 3 that date. Except as mentioned above, the Financial Statements have been prepared in accordance w

Toronto, Ontario,
May 15, 1968.

IVER MINES LIMITED

Laws of Ontario)

CEMBER 31st, 1967

gures for 1966)

LIABILITIES

		1967	1966
		$	$
Current			
Accounts payable and accrued liabilities		2,620	11,474
The Coniagas Mines, Limited			10,320
		2,620	21,794
Non-Current			
The Coniagas Mines, Limited — advance		25,000	346,886
Contingent			
(Note 5)			

SHAREHOLDERS' EQUITY

Capital			
Authorized:			
5,000,000 Shares of $1 par value	5,000,000		
Issued:			
1,894,215 Shares		1,894,215	1,894,215
Less: Discount thereon		1,164,035	1,164,035
		730,180	730,180
Contributed Surplus			
Balance, unchanged from previous year (note 8)		1,037,818	1,037,818
Retained Earnings			
Balance, end of year		302,810	266,499
		2,070,808	2,034,497
		2,098,428	2,403,177

art of these financial statements.

Report

1967, the Statements of Retained Earnings, Preproduction and Deferred Development Expenditures
itements. Our examination included a general review of accounting procedures and such tests of

ent assets.
other mining companies.
paid and consequently can express no opinion on the value of this asset.
ne Bachelor Lake, Quebec property. Operations at this property were suspended in 1963. No provision

ment of buildings and equipment totalling $9,046 in respect of Quebec properties and $133,168 in

nings, Preproduction and Deferred Development Expenditures and Source and Application of Funds and
' and the results of its operations and the source and application of its funds for the year ended on
nerally accepted accounting principles applied on a basis consistent with that of the preceding year.

SNYDER, CRAIG & CO.,
Chartered Accountants.

QUEBEC STURGEON RIVER MINES LIMITED

STATEMENT OF PREPRODUCTION AND DEFERRED DEVELOPMENT EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1967
(With comparative figures for 1966)

		1967	1966
	$	$	$
Balance, beginning of year		1,311,790	1,282,079
Ontario Property			
Mining lease fees	161		
Miscellaneous revenues	(16)		
Balance of expenditures written off on sale of property	(160,563)	(160,418)	(103)
Quebec Property			
Taxes and license fees	766		
Insurance	763		
Equipment written off	3,537		
Prior years interest charges forgiven on advances from The Coniagas Mines, Limited	(76,137)	(71,071)	26,489
New Brunswick Property			
Rental income	275		
Less: Residence expense	38		
	(237)		
Loss on sale of building	4,978	4,741	643
Newfoundland Property			
Soil sampling	6,025		
Less: Expenditures written off — claims lapsed	8,707	(2,682)	2,682
Balance, end of year		1,082,360	1,311,790
Consisting of expenses on			
Quebec property	500,156		
New Brunswick property	582,204		
	1,082,360		

QUEBEC STURGEON RIVER MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967
(With comparative figures for 1966)

	1967 $	1966 $
Source of Funds		
Advance from The Coniagas Mines, Limited	25,000	—
Sale of fixed asset	5,000	—
Sale of investment	3,827	—
	33,827	—
Application of Funds		
Payment on account of the acquisition of mining claims	—	2,207
Mine development expenses	1,918	12,847
Administrative and general expenses	4,881	3,548
Prospecting expenses	6,025	6,289
	12,824	24,891
Resulting in an increase (decrease) in working capital	21,003	(24,891)
Increase in working capital resulting from forgiveness of The Coniagas Mines, Limited current account	10,720	—
Working capital, beginning of year	(13,346)	11,545
Working capital, end of year	18,377	(13,346)

STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967
(With comparative figures for 1966)

	1967 $	1966 $
Balance, beginning of year	266,499	276,411
Add:		
Amount owing to The Coniagas Mines Limited, for funds advanced, forgiven and written off	256,469	
	522,968	276,411
Deduct:		
Administrative and general expenses (net), not applicable to any specific mining property	4,881	3,623
Loss on sale of investment	10,658	
Mining claims at Gull Pond, Newfoundland:		
Exploration costs during year	6,025	6,289
Acquisition costs and preproduction costs written off when claims lapsed	5,058	
Mining claims, District of Thunder Bay, Ontario:		
Loss on sale to The Coniagas Mines, Limited	32,973	
Preproduction expenses written off	160,563	
	220,158	9,912
Balance, end of year	302,810	266,499

QUEBEC STURGEON RIVER MINES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1967

Investments

1. Shares of other mining companies having a quoted market value

		Market Value 1967 $	Book Value 1967 $	1966 $
2,000	Bralorne Mines Limited, at cost less depletion			14,485
294,938	Beauce Placer Mining Co. Ltd., at cost	20,646	38,481	38,481
10,000	First Maritime Mining Corporation Limited, at cost	14,000	120,480	120,480
		34,646	158,961	173,446

2. In accordance with the Company's practice, 50% of dividend income received from other mining companies has been credited against the cost of the shares as "depletion". No dividends were received in 1967.
3. The quoted market value in the aggregate given for the shares of Beauce Placer Mining Co. Ltd., because of the large block involved, is not necessarily indicative of the amount that might be realized if this investment were sold.

Mining Properties

		1967 $	1966 $
4.	In the Province of Ontario:		
	35 Mining leases in the Townships of Elmhirst, Irwin, Pifher and Walters, District of Thunder Bay, at cost		57,973
5.	In the Province of New Brunswick:		
	2 Mining licenses in the Township of Beresford, County of Gloucester subject to an obligation to pay $260,000 out of net profits arising from bringing this property into production if, as and when this should occur	399,213	399,213
	This property has been optioned to Sullico Mines Limited (no personal liability) which has the right within 3 years from December 20, 1967 to form a new company and to cause 12½% of its authorized capital to be allotted to the Company as the consideration for the transfer of the Company's interest and title in this property.		
6.	In the Province of Newfoundland:		
	44 Mining claims at Gull Pond lapsed in 1967		2,376
7.	In the Province of Quebec:		
	19 claims and one mining concession in the Bachelor Lake Area of the Township of Lesueur, District of Abitibi East originally acquired under an instalment payment agreement to purchase totalling $275,000. This purchase agreement originally covered 40 claims but 20 claims were dropped in 1967 with the permission of the vendor.		
	After paying instalments totalling $67,500 further payments were suspended from December 28, 1965 until		
	(a) firstly such time as a power line is extended to the claims by the Quebec Hydro Electric Commission or		
	(b) alternatively the reconsideration of the moratorium by the vendor at two years intervals. The next moratorium termination date open to the vendor would be December 28, 1969 subject to three months prior notice.		
	The company was required to bring the above noted mining concession into production during 1966 under the prevailing regulations and as this did not occur title is held subject to the pleasure of the Provincial authorities.		
	Instalment payments on account	67,500	67,500
	Other costs	5,498	5,498
		472,211	532,560

Contributed Surplus

8. In 1964, contributed surplus was reduced by a charge of $379,591 in respect of costs of mining properties written off.